

AMENDED IN SENATE AUGUST 13, 2014
AMENDED IN ASSEMBLY MARCH 25, 2014
CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 2585

Introduced by Assembly Member Daly

February 21, 2014

An act to amend Sections 1622 and 42127 of the Education Code, relating to school finance.

LEGISLATIVE COUNSEL'S DIGEST

AB 2585, as amended, Daly. School finance: annual budgets.

(1) Existing law, on or before July 1 of each year, requires a county board of education to hold a public hearing on the proposed county school service fund budget for that fiscal year, requires the county board of education to adopt an annual budget for the budget year, and requires the county board of education to file the budget with the Superintendent of Public Instruction, the county board of supervisors, and the county auditor. Existing law requires the Superintendent to examine the budget, as specified, and, on or before August 15, approve or disapprove the budget. If the budget is disapproved, existing law requires the Superintendent, on or before August 15, to transmit to the county office of education, in writing, his or her recommendations regarding revision of the budget and the reasons for those recommendations. Existing law, on or before September 8, and after a public hearing regarding the proposed revisions to the budget, as specified, requires the county board of education to revise the county office of education budget to reflect certain fiscal changes, to include any response to the recommendations of the Superintendent, to adopt the revised budget, and to file the revised

budget with the Superintendent, the county board of supervisors, and the county auditor. Existing law authorizes the county office of education to elect to use an alternative budget review process by providing the Superintendent with written notice, as specified.

This bill, if the budget of a county office of education is disapproved, would instead require the county superintendent of schools and the county board of education, on or before September 8, to review the recommendations of the Superintendent at a regularly scheduled meeting of the county board of education and to respond to those recommendations. The bill would require that response to include any revisions to the adopted budget and other proposed actions to be taken, if any, as a result of those recommendations. The bill would repeal the authority of a county office of education to elect to use the alternative budget review process. The bill would also make nonsubstantive changes to these provisions. By requiring a county superintendent of schools to undertake additional responsibilities related to reviewing the recommendations of the Superintendent, the bill would impose a state-mandated local program.

(2) Existing law, on or before July 1 of each year, requires a school district to hold a public hearing on, and adopt, a budget for the subsequent fiscal year. Existing law requires the governing board of the school district to file the adopted budget with the county superintendent of schools, as specified. Existing law requires the county superintendent of schools to examine the adopted budget, as specified, to make certain determinations related to the adopted budget, and, on or before August 15, to approve, conditionally approve, or disapprove the adopted budget for each school district. If the adopted budget is conditionally approved or disapproved, existing law requires the county superintendent of schools, on or before August 15, to transmit to the governing board of the school district, in writing, his or her recommendations regarding revision of the budget and the reasons for those recommendations. Existing law, on or before September 8, and after a public hearing regarding the proposed revisions to the budget, as specified, requires the governing board of the school district to revise the adopted budget to reflect certain fiscal changes, to include any response to the recommendations of the county superintendent of schools, to adopt the revised budget, and to file the revised budget with the county superintendent of schools. Existing law, if the adopted budget is disapproved, also requires the governing board of the school district and the county superintendent of schools to review the disapproval and

the recommendations of the county superintendent of schools regarding revision of the budget at the public hearing. Existing law authorizes the governing board of a school district to elect to use an alternative budget review process by providing the county superintendent of schools with written notice, as specified.

This bill would require the public hearing to be conducted in accordance with a specified provision related to proposed budgets. The bill, if the adopted budget of a school district is conditionally approved or disapproved as described above, would instead require the governing board of the school district, on or before September 8, and in conjunction with the county superintendent of schools, to review and respond to the superintendent's recommendations at a regular meeting of the governing board of the school district. The bill would require the response to include any revisions to the adopted budget and other proposed ~~action~~ *actions* to be taken, if any, as a result of the superintendent's recommendations. The bill would repeal the authority of the governing board of a school district to elect to use the alternative budget review process. The bill would also make nonsubstantive changes to these provisions. By requiring school districts to undertake additional responsibilities related to the conditional approval of budgets, the bill would impose a state-mandated local program.

(3) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 1622 of the Education Code is amended
2 to read:
3 1622. (a) On or before July 1 of each fiscal year, the county
4 board of education shall adopt an annual budget for the budget
5 year and shall file the budget with the Superintendent, the county
6 board of supervisors, and the county auditor. The budget, and
7 supporting data, shall be maintained and made available for public

1 review. The budget shall indicate the date, time, and location at
2 which the county board of education held the public hearing
3 required under Section 1620. For the 2014–15 fiscal year and each
4 fiscal year thereafter, the county board of education shall not adopt
5 a budget before the county board of education adopts a local control
6 and accountability plan or approves an update to an existing local
7 control and accountability plan if an existing local control and
8 accountability plan or update to a local control and accountability
9 plan is not effective during the budget year. The county board of
10 education shall not adopt a budget that does not include the
11 expenditures identified in the local control and accountability plan
12 and any annual update to the local control and accountability plan
13 that will be effective for the budget year. Notwithstanding any
14 other provision of this article, for the 2014–15 fiscal year and each
15 fiscal year thereafter, the budget shall not be adopted or approved
16 by the Superintendent before a local control and accountability
17 plan or update to an existing local control and accountability plan
18 for the budget year is approved.

19 (b) (1) The Superintendent shall examine the budget to
20 determine if it (A) complies with the standards and criteria adopted
21 by the state board pursuant to Section 33127 for application to
22 final local educational agency budgets, (B) allows the county office
23 of education to meet its financial obligations during the fiscal year,
24 and (C) is consistent with a financial plan that will enable the
25 county office of education to satisfy its multiyear financial
26 commitments. In addition, the Superintendent shall identify any
27 technical corrections to the budget that must be made. On or before
28 August 15, the Superintendent shall approve or disapprove the
29 budget and, in the event of a disapproval, transmit to the county
30 office of education in writing his or her recommendations regarding
31 revision of the budget and the reasons for those recommendations.

32 (2) For the 2014–15 fiscal year and each fiscal year thereafter,
33 the Superintendent shall disapprove a budget if any of the following
34 occur:

35 (A) The Superintendent has not approved a local control and
36 accountability plan or an annual update to the local control and
37 accountability plan filed by a county ~~superintendent of schools~~
38 *board of education* pursuant to Section 52070.5 that is effective
39 for the budget year.

1 (B) The Superintendent determines that the budget does not
2 include the expenditures necessary to implement the local control
3 and accountability plan or an annual update to the local control
4 and accountability plan that is effective for that budget year.

5 (c) In the event of the disapproval of the budget of a county
6 office of education pursuant to subdivision (b), on or before
7 September 8, the county superintendent of schools and the county
8 board of education shall review the recommendations of the
9 Superintendent at a regularly scheduled meeting of the county
10 board of education and respond to those recommendations. That
11 response shall include any revisions to the adopted budget and
12 other proposed actions to be taken, if any, as a result of those
13 recommendations.

14 (d) (1) The Superintendent shall examine the revised budget
15 as provided in subdivision (c) to determine if it complies with the
16 standards and criteria adopted by the state board pursuant to Section
17 33127 for application to final local educational agency budgets
18 and, no later than October 8, shall approve or disapprove the
19 revised budget. For the 2014–15 fiscal year and each fiscal year
20 thereafter, the Superintendent shall disapprove a revised budget if
21 the Superintendent determines that the revised budget does not
22 include the expenditures necessary to implement the local control
23 and accountability plan or an annual update to the local control
24 and accountability plan approved by the Superintendent pursuant
25 to Section 52070.5 that is effective for the budget year. If the
26 Superintendent disapproves the budget, he or she shall call for the
27 formation of a budget review committee pursuant to Section 1623.

28 (2) Notwithstanding any other law, for the 2014–15 fiscal year
29 and each fiscal year thereafter, if the Superintendent disapproves
30 the budget for the sole reason that the Superintendent has not
31 approved a local control and accountability plan or an annual
32 update to the local control and accountability plan filed by the
33 ~~county superintendent of schools~~ *board of education* pursuant to
34 Section 52070.5, the Superintendent shall not call for the formation
35 of a budget review committee pursuant to Section 1623.

36 (e) Not later than 45 days after the Governor signs the annual
37 Budget Act, the county office of education shall make available
38 for public review any revisions in revenues and expenditures that
39 it has made to its budget to reflect the funding made available by
40 that Budget Act.

1 SEC. 2. ~~Section 42127 of the Education Code is amended to read:~~

2 ~~42127. (a) On or before July 1 of each year, the governing~~
3 ~~board of each school district shall accomplish the following:~~

4 ~~(1) Hold a public hearing conducted in accordance with Section~~
5 ~~42103 on the budget to be adopted for the subsequent fiscal year.~~
6 ~~The budget to be adopted shall be prepared in accordance with~~
7 ~~Section 42126. The agenda for that hearing shall be posted at least~~
8 ~~72 hours before the public hearing and shall include the location~~
9 ~~where the budget will be available for public inspection.~~

10 ~~(2) Adopt a budget. Not later than five days after that adoption~~
11 ~~or by July 1, whichever occurs first, the governing board of the~~
12 ~~school district shall file that budget with the county superintendent~~
13 ~~of schools. The budget and supporting data shall be maintained~~
14 ~~and made available for public review. If the governing board of~~
15 ~~the school district does not want all or a portion of the property~~
16 ~~tax requirement levied for the purpose of making payments for the~~
17 ~~interest and redemption charges on indebtedness as described in~~
18 ~~paragraph (1) or (2) of subdivision (b) of Section 1 of Article~~
19 ~~XIII A of the California Constitution, the budget shall include a~~
20 ~~statement of the amount or portion for which a levy shall not be~~
21 ~~made. For the 2014–15 fiscal year and each fiscal year thereafter,~~
22 ~~the governing board of the school district shall not adopt a budget~~
23 ~~before the governing board of the school district adopts a local~~
24 ~~control and accountability plan, if an existing local control and~~
25 ~~accountability plan or annual update to a local control and~~
26 ~~accountability plan is not effective for the budget year. The~~
27 ~~governing board of a school district shall not adopt a budget that~~
28 ~~does not include the expenditures necessary to implement the local~~
29 ~~control and accountability plan or the annual update to a local~~
30 ~~control and accountability plan that is effective for the budget year.~~

31 ~~(b) The county superintendent of schools may accept changes~~
32 ~~in any statement included in the budget, pursuant to subdivision~~
33 ~~(a), of the amount or portion for which a property tax levy shall~~
34 ~~not be made. The county superintendent of schools or the county~~
35 ~~auditor shall compute the actual amounts to be levied on the~~
36 ~~property tax rolls of the school district for purposes that exceed~~
37 ~~apportionments to the school district pursuant to Chapter 6~~
38 ~~(commencing with Section 95) of Part 0.5 of Division 1 of the~~
39 ~~Revenue and Taxation Code. Each school district shall provide all~~
40 ~~data needed by the county superintendent of schools or the county~~

1 auditor to compute the amounts. On or before August 15, the
2 county superintendent of schools shall transmit the amounts
3 computed to the county auditor who shall compute the tax rates
4 necessary to produce the amounts. On or before September 1, the
5 county auditor shall submit the rate computed to the board of
6 supervisors for adoption.

7 (e) The county superintendent of schools shall do all of the
8 following:

9 (1) Examine the adopted budget to determine whether it
10 complies with the standards and criteria adopted by the state board
11 pursuant to Section 33127 for application to final local educational
12 agency budgets. The county superintendent of schools shall
13 identify, if necessary, technical corrections that are required to be
14 made to bring the budget into compliance with those standards
15 and criteria.

16 (2) Determine whether the adopted budget will allow the school
17 district to meet its financial obligations during the fiscal year and
18 is consistent with a financial plan that will enable the school district
19 to satisfy its multiyear financial commitments. In addition to his
20 or her own analysis of the budget of each school district, the county
21 superintendent of schools shall review and consider studies, reports,
22 evaluations, or audits of the school district that were commissioned
23 by the school district, the county superintendent of schools, the
24 Superintendent, and state control agencies and that contain
25 evidence that the school district is showing fiscal distress under
26 the standards and criteria adopted in Section 33127 or that contain
27 a finding by an external reviewer that more than 3 of the 15 most
28 common predictors of a school district needing intervention, as
29 determined by the County Office Fiscal Crisis and Management
30 Assistance Team, are present. The county superintendent of schools
31 shall either conditionally approve or disapprove a budget that does
32 not provide adequate assurance that the school district will meet
33 its current and future obligations and resolve any problems
34 identified in studies, reports, evaluations, or audits described in
35 this paragraph.

36 (3) Determine whether the adopted budget includes the
37 expenditures necessary to implement the local control and
38 accountability plan or annual update to the local control and
39 accountability plan approved by the county superintendent of
40 schools.

~~(d) (1) On or before August 15, the county superintendent of schools shall approve, conditionally approve, or disapprove the adopted budget for each school district. For the 2014-15 fiscal year and each fiscal year thereafter, the county superintendent of schools shall disapprove a budget if the county superintendent of schools determines that the budget does not include the expenditures necessary to implement a local control and accountability plan or an annual update to the local control and accountability plan approved by the county superintendent of schools. If a school district does not submit a budget to the county superintendent of schools, the county superintendent of schools shall develop, at school district expense, a budget for that school district by September 15 and transmit that budget to the governing board of the school district. The budget prepared by the county superintendent of schools shall be deemed adopted, unless the county superintendent of schools approves any modifications made by the governing board of the school district. The approved budget shall be used as a guide for the school district's priorities. The Superintendent shall review and certify the budget approved by the county. If, pursuant to the review conducted pursuant to subdivision (c), the county superintendent of schools determines that the adopted budget for a school district does not satisfy paragraph (1), (2), or (3) of that subdivision, he or she shall conditionally approve or disapprove the budget and, not later than August 15, transmit to the governing board of the school district, in writing, his or her recommendations regarding revision of the budget and the reasons for those recommendations, including, but not limited to, the amounts of any budget adjustments needed before he or she can approve that budget. The county superintendent of schools may assign a fiscal adviser to assist the school district to develop a budget in compliance with those revisions. In addition, the county superintendent of schools may appoint a committee to examine and comment on the superintendent's review and recommendations, subject to the requirement that the committee report its findings to the county superintendent of schools no later than August 20.~~

~~(2) Notwithstanding any other provision of this article, for the 2014-15 fiscal year and each fiscal year thereafter, the budget shall not be adopted or approved by the county superintendent of schools before a local control and accountability plan or update to~~

1 an existing local control and accountability plan for the budget
2 year is approved.

3 (3) If the adopted budget of a school district is conditionally
4 approved or disapproved pursuant to paragraph (1), on or before
5 September 8, the governing board of the school district, in
6 conjunction with the county superintendent of schools, shall review
7 and respond to the recommendations of the county superintendent
8 of schools at a regular meeting of the governing board of the school
9 district. The response shall include any revisions to the adopted
10 budget and other proposed actions to be taken, if any, as a result
11 of those recommendations.

12 (e) On or before September 22, the county superintendent of
13 schools shall provide a list to the Superintendent identifying all
14 school districts for which budgets may be disapproved.

15 (f) (1) The county superintendent of schools shall examine the
16 revised budget as provided in paragraph (3) of subdivision (d) to
17 determine whether it (1) complies with the standards and criteria
18 adopted by the state board pursuant to Section 33127 for
19 application to final local educational agency budgets, (2) allows
20 the school district to meet its financial obligations during the fiscal
21 year, (3) satisfies all conditions established by the county
22 superintendent of schools in the case of a conditionally approved
23 budget, and (4) is consistent with a financial plan that will enable
24 the school district to satisfy its multiyear financial commitments,
25 and, not later than October 8, shall approve or disapprove the
26 revised budget. If the county superintendent of schools disapproves
27 the budget, he or she shall call for the formation of a budget review
28 committee pursuant to Section 42127.1, unless the governing board
29 of the school district and the county superintendent of schools
30 agree to waive the requirement that a budget review committee be
31 formed and the department approves the waiver after determining
32 that a budget review committee is not necessary. Upon the grant
33 of a waiver, the county superintendent of schools immediately has
34 the authority and responsibility provided in Section 42127.3. Upon
35 approving a waiver of the budget review committee, the department
36 shall ensure that a balanced budget is adopted for the school district
37 by November 30. If no budget is adopted by November 30, the
38 Superintendent may adopt a budget for the school district. The
39 Superintendent shall report to the Legislature and the Director of
40 Finance by December 10 if any school district, including a school

1 district that has received a waiver of the budget review committee
2 process, does not have an adopted budget by November 30. This
3 report shall include the reasons why a budget has not been adopted
4 by the deadline, the steps being taken to finalize budget adoption,
5 the date the adopted budget is anticipated, and whether the
6 Superintendent has or will exercise his or her authority to adopt a
7 budget for the school district.

8 ~~(2) Notwithstanding any other law, for the 2014-15 fiscal year~~
9 ~~and each fiscal year thereafter, if the county superintendent of~~
10 ~~schools disapproves the budget for the sole reason that the county~~
11 ~~superintendent of schools has not approved a local control and~~
12 ~~accountability plan or an annual update to the local control and~~
13 ~~accountability plan filed by the school district pursuant to Section~~
14 ~~52061, the county superintendent of schools shall not call for the~~
15 ~~formation of a budget review committee pursuant to Section~~
16 ~~42127.1.~~

17 ~~(g) Not later than October 8, the county superintendent of~~
18 ~~schools shall submit a report to the Superintendent identifying all~~
19 ~~school districts for which budgets have been disapproved or budget~~
20 ~~review committees waived. The report shall include a copy of the~~
21 ~~written response transmitted to each of those school districts~~
22 ~~pursuant to paragraph (1) of subdivision (d).~~

23 ~~(h) Not later than 45 days after the Governor signs the annual~~
24 ~~Budget Act, the school district shall make available for public~~
25 ~~review any revisions in revenues and expenditures that it has made~~
26 ~~to its budget to reflect the funding made available by that Budget~~
27 ~~Act.~~

28 ~~(i) Any school district for which the county board of education~~
29 ~~serves as the governing board of the school district is not subject~~
30 ~~to subdivisions (c) to (h), inclusive, but is governed instead by the~~
31 ~~budget procedures set forth in Section 1622.~~

32 *SEC. 2. Section 42127 of the Education Code is amended to*
33 *read:*

34 42127. (a) On or before July 1 of each year, the governing
35 board of each school district shall accomplish the following:

36 (1) Hold a public hearing *conducted in accordance with Section*
37 *42103* on the budget to be adopted for the subsequent fiscal year.
38 The budget to be adopted shall be prepared in accordance with
39 Section 42126. The agenda for that hearing shall be posted at least

1 72 hours before the public hearing and shall include the location
2 where the budget will be available for public inspection.

3 ~~(A) For the 2011–12 fiscal year, notwithstanding any of the~~
4 ~~standards and criteria adopted by the state board pursuant to Section~~
5 ~~33127, each school district budget shall project the same level of~~
6 ~~revenue per unit of average daily attendance as it received in the~~
7 ~~2010–11 fiscal year and shall maintain staffing and program levels~~
8 ~~commensurate with that level.~~

9 ~~(B) For the 2011–12 fiscal year, the school district shall not be~~
10 ~~required to demonstrate that it is able to meet its financial~~
11 ~~obligations for the two subsequent fiscal years.~~

12 (2) (A) Adopt a budget. Not later than five days after that
13 adoption or by July 1, whichever occurs first, the governing board
14 of the school district shall file that budget with the county
15 superintendent of schools. The budget and supporting data shall
16 be maintained and made available for public review. If the
17 governing board of the school district does not want all or a portion
18 of the property tax requirement levied for the purpose of making
19 payments for the interest and redemption charges on indebtedness
20 as described in paragraph (1) or (2) of subdivision (b) of Section
21 1 of Article XIII A of the California Constitution, the budget shall
22 include a statement of the amount or portion for which a levy shall
23 not be made. For the 2014–15 fiscal year and each fiscal year
24 thereafter, the governing board of the school district shall not adopt
25 a budget before the governing board of the school district adopts
26 a local control and accountability plan, if an existing local control
27 and accountability plan or annual update to a local control and
28 accountability plan is not effective for the budget year. The
29 governing board of a school district shall not adopt a budget that
30 does not include the expenditures necessary to implement the local
31 control and accountability plan or the annual update to a local
32 control and accountability plan that is effective ~~during~~ *for* the
33 ~~subsequent fiscal~~ *budget* year.

34 (B) Commencing with budgets adopted for the 2015–16 fiscal
35 year, the governing board of a school district that proposes to adopt
36 a budget, or revise a budget pursuant to subdivision (e), that
37 includes a combined assigned and unassigned ending fund balance
38 in excess of the minimum recommended reserve for economic
39 uncertainties adopted by the state board pursuant to subdivision
40 (a) of Section 33128, shall, at the public hearing held pursuant to

1 paragraph (1), provide all of the following for public review and
2 discussion:

3 (i) The minimum recommended reserve for economic
4 uncertainties for each fiscal year identified in the budget.

5 (ii) The combined assigned and unassigned ending fund balances
6 that are in excess of the minimum recommended reserve for
7 economic uncertainties for each fiscal year identified in the budget.

8 (iii) A statement of reasons that substantiates the need for an
9 assigned and unassigned ending fund balance that is in excess of
10 the minimum recommended reserve for economic uncertainties
11 for each fiscal year that the school district identifies an assigned
12 and unassigned ending fund balance that is in excess of the
13 minimum recommended reserve for economic uncertainties, as
14 identified pursuant to clause (ii).

15 (C) The governing board of a school district shall include the
16 information required pursuant to subparagraph (B) in its budgetary
17 submission each time it files an adopted or revised budget with
18 the county superintendent of schools. The information required
19 pursuant to subparagraph (B) shall be maintained and made
20 available for public review.

21 (b) The county superintendent of schools may accept changes
22 in any statement included in the budget, pursuant to subdivision
23 (a), of the amount or portion for which a property tax levy shall
24 not be made. The county superintendent of schools or the county
25 auditor shall compute the actual amounts to be levied on the
26 property tax rolls of the school district for purposes that exceed
27 apportionments to the school district pursuant to Chapter 6
28 (commencing with Section 95) of Part 0.5 of Division 1 of the
29 Revenue and Taxation Code. Each school district shall provide all
30 data needed by the county superintendent of schools or the county
31 auditor to compute the amounts. On or before August 15, the
32 county superintendent of schools shall transmit the amounts
33 computed to the county auditor who shall compute the tax rates
34 necessary to produce the amounts. On or before September 1, the
35 county auditor shall submit the rate computed to the board of
36 supervisors for adoption.

37 (c) The county superintendent of schools shall do all of the
38 following:

39 (1) Examine the adopted budget to determine whether it
40 complies with the standards and criteria adopted by the state board

1 pursuant to Section 33127 for application to final local educational
2 agency budgets. The county superintendent of schools shall
3 identify, if necessary, technical corrections that are required to be
4 made to bring the budget into compliance with those standards
5 and criteria.

6 (2) Determine whether the adopted budget will allow the school
7 district to meet its financial obligations during the fiscal year and
8 is consistent with a financial plan that will enable the school district
9 to satisfy its multiyear financial commitments. In addition to his
10 or her own analysis of the budget of each school district, the county
11 superintendent of schools shall review and consider studies, reports,
12 evaluations, or audits of the school district that were commissioned
13 by the school district, the county superintendent of schools, the
14 Superintendent, and state control agencies and that contain
15 evidence that the school district is showing fiscal distress under
16 the standards and criteria adopted in Section 33127 or that contain
17 a finding by an external reviewer that more than 3 of the 15 most
18 common predictors of a school district needing intervention, as
19 determined by the County Office Fiscal Crisis and Management
20 Assistance Team, are present. The county superintendent of schools
21 shall either conditionally approve or disapprove a budget that does
22 not provide adequate assurance that the school district will meet
23 its current and future obligations and resolve any problems
24 identified in studies, reports, evaluations, or audits described in
25 this paragraph.

26 (3) Determine whether the adopted budget includes the
27 expenditures necessary to implement the local control and
28 accountability plan or annual update to the local control and
29 accountability plan approved by the county superintendent of
30 schools.

31 (4) Determine whether the adopted budget includes a combined
32 assigned and unassigned ending fund balance that exceeds the
33 minimum recommended reserve for economic uncertainties. If the
34 adopted budget includes a combined assigned and unassigned
35 ending fund balance that exceeds the minimum recommended
36 reserve for economic uncertainties, the county superintendent of
37 schools shall verify that the school district complied with the
38 requirements of subparagraphs (B) and (C) of paragraph (2) of
39 subdivision (a).

(d) (1) On or before August 15, the county superintendent of schools shall approve, conditionally approve, or disapprove the adopted budget for each school district. For the 2014–15 fiscal year and each fiscal year thereafter, the county superintendent of schools shall disapprove a budget if the county superintendent of schools determines that the budget does not include the expenditures necessary to implement a local control and accountability plan or an annual update to the local control and accountability plan approved by the county superintendent of schools. If *the governing board* of a school district does not submit a budget to the county superintendent of schools, the county superintendent of schools shall develop, at school district expense, a budget for that school district by September 15 and transmit that budget to the governing board of the school district. The budget prepared by the county superintendent of schools shall be deemed adopted, unless the county superintendent of schools approves any modifications made by the governing board of the school district. The budget prepared by the county superintendent of schools shall also comply with the requirements of subparagraph (B) of paragraph (2) of subdivision (a). The approved budget shall be used as a guide for the school district's priorities. The Superintendent shall review and certify the budget approved by the county. If, pursuant to the review conducted pursuant to subdivision (c), the county superintendent of schools determines that the adopted budget for a school district does not satisfy paragraph (1), (2), (3), or (4) of that subdivision, he or she shall conditionally approve or disapprove the budget and, not later than August 15, transmit to the governing board of the school district, in writing, his or her recommendations regarding revision of the budget and the reasons for those recommendations, including, but not limited to, the amounts of any budget adjustments needed before he or she can approve that budget. The county superintendent of schools may assign a fiscal adviser to assist the school district to develop a budget in compliance with those revisions. In addition, the county superintendent of schools may appoint a committee to examine and comment on the superintendent's review and recommendations, subject to the requirement that the committee report its findings to the county superintendent of schools no later than August 20. ~~For the 2011–12 fiscal year, notwithstanding any of the standards and criteria~~

1 adopted by the state board pursuant to Section 33127, the county
2 superintendent of schools, as a condition on approval of a school
3 district budget, shall not require a school district to project a lower
4 level of revenue per unit of average daily attendance than it
5 received in the 2010–11 fiscal year nor require the school district
6 to demonstrate that it is able to meet its financial obligations for
7 the two subsequent fiscal years.

8 (2) Notwithstanding any other provision of this article, for the
9 2014–15 fiscal year and each fiscal year thereafter, the budget
10 shall not be adopted or approved by the county superintendent of
11 schools before a local control and accountability plan or update to
12 an existing local control and accountability plan for the budget
13 year is approved.

14 ~~(e) On or before~~

15 *(3) If the adopted budget of a school district is conditionally*
16 *approved or disapproved pursuant to paragraph (1), on or before*
17 *September 8, the governing board of the school district shall revise*
18 *the adopted budget to reflect changes in projected income or*
19 *expenditures subsequent to July 1, and to include any response*
20 *district, in conjunction with the county superintendent of schools,*
21 *shall review and respond to the recommendations of the county*
22 *superintendent of schools, shall adopt the revised budget, and shall*
23 *file the revised budget with the county superintendent of schools.*
24 *Before revising the budget, the governing board of the school*
25 *district shall hold a public hearing regarding the proposed revisions,*
26 *to be conducted in accordance with Section 42103. In addition, if*
27 *the adopted budget is disapproved pursuant to subdivision (d), the*
28 *governing board of the school district and the county*
29 *superintendent of schools shall review the disapproval and the*
30 *recommendations of the county superintendent of schools regarding*
31 *revision of the budget at the public hearing. The revised budget*
32 *and supporting data shall be maintained and made available for*
33 *public review. schools at a regular meeting of the governing board*
34 *of the school district. The response shall include any revisions to*
35 *the adopted budget and other proposed actions to be taken, if any,*
36 *as a result of those recommendations.*

37 ~~(1) For the 2011–12 fiscal year, notwithstanding any of the~~
38 ~~standards and criteria adopted by the state board pursuant to Section~~
39 ~~33127, each school district budget shall project the same level of~~
40 ~~revenue per unit of average daily attendance as it received in the~~

1 ~~2010–11 fiscal year and shall maintain staffing and program levels~~
2 ~~commensurate with that level.~~

3 ~~(2) For the 2011–12 fiscal year, the school district shall not be~~
4 ~~required to demonstrate that it is able to meet its financial~~
5 ~~obligations for the two subsequent fiscal years.~~

6 ~~(f)~~

7 ~~(e)~~ On or before September 22, the county superintendent of
8 schools shall provide a list to the Superintendent identifying all
9 school districts for which budgets may be disapproved.

10 ~~(g)~~

11 ~~(f)~~ (1) The county superintendent of schools shall examine the
12 revised budget *as provided in paragraph (3) of subdivision (d)* to
13 determine whether it (A) complies with the standards and criteria
14 adopted by the state board pursuant to Section 33127 for
15 application to final local educational agency budgets, (B) allows
16 the school district to meet its financial obligations during the fiscal
17 year, (C) satisfies all conditions established by the county
18 superintendent of schools in the case of a conditionally approved
19 budget, (D) is consistent with a financial plan that will enable the
20 school district to satisfy its multiyear financial commitments, and,
21 not later than October 8, shall approve or disapprove the revised
22 budget, and (E) whether the revised budget complies with the
23 requirements of subparagraph (B) of paragraph (2) of subdivision
24 (a). If the county superintendent of schools disapproves the budget,
25 he or she shall call for the formation of a budget review committee
26 pursuant to Section 42127.1, unless the governing board of the
27 school district and the county superintendent of schools agree to
28 waive the requirement that a budget review committee be formed
29 and the department approves the waiver after determining that a
30 budget review committee is not necessary. Upon the grant of a
31 waiver, the county superintendent of schools immediately has the
32 authority and responsibility provided in Section 42127.3. Upon
33 approving a waiver of the budget review committee, the department
34 shall ensure that a balanced budget is adopted for the school district
35 by November 30. If no budget is adopted by November 30, the
36 Superintendent may adopt a budget for the school district. The
37 Superintendent shall report to the Legislature and the Director of
38 Finance by December 10 if any school district, including a school
39 district that has received a waiver of the budget review committee
40 process, does not have an adopted budget by November 30. This

1 report shall include the reasons why a budget has not been adopted
2 by the deadline, the steps being taken to finalize budget adoption,
3 the date the adopted budget is anticipated, and whether the
4 Superintendent has or will exercise his or her authority to adopt a
5 budget for the school district. ~~For the 2011–12 fiscal year,~~
6 ~~notwithstanding any of the standards and criteria adopted by the~~
7 ~~state board pursuant to Section 33127, the county superintendent~~
8 ~~of schools, as a condition on approval of a school district budget,~~
9 ~~shall not require a school district to project a lower level of revenue~~
10 ~~per unit of average daily attendance than it received in the 2010–11~~
11 ~~fiscal year nor require the school district to demonstrate that it is~~
12 ~~able to meet its financial obligations for the two subsequent fiscal~~
13 ~~years.~~

14 (2) Notwithstanding any other law, for the 2014–15 fiscal year
15 and each fiscal year thereafter, if the county superintendent of
16 schools disapproves the budget for the sole reason that the county
17 superintendent of schools has not approved a local control and
18 accountability plan or an annual update to the local control and
19 accountability plan filed by the *governing board of the* school
20 district pursuant to Section—~~52061~~, 52070, the county
21 superintendent of schools shall not call for the formation of a
22 budget review committee pursuant to Section 42127.1.

23 (h)

24 (g) Not later than October 8, the county superintendent of
25 schools shall submit a report to the Superintendent identifying all
26 school districts for which budgets have been disapproved or budget
27 review committees waived. The report shall include a copy of the
28 written response transmitted to each of those school districts
29 pursuant to paragraph (1) of subdivision (d).

30 (i) ~~Notwithstanding any other provision of this section, the~~
31 ~~budget review for a school district shall be governed by paragraphs~~
32 ~~(1), (2), and (3), rather than by subdivisions (e) and (g), if the~~
33 ~~governing board of the school district so elects and notifies the~~
34 ~~county superintendent of schools in writing of that decision, not~~
35 ~~later than October 31 of the immediately preceding calendar year.~~
36 ~~On or before July 1, the governing board of a school district for~~
37 ~~which the budget review is governed by this subdivision, rather~~
38 ~~than by subdivisions (e) and (g), shall conduct a public hearing~~
39 ~~regarding its proposed budget in accordance with Section 42103.~~

~~(1) If the adopted budget of a school district is disapproved pursuant to subdivision (d), on or before September 8, the governing board of the school district, in conjunction with the county superintendent of schools, shall review the superintendent's recommendations at a regular meeting of the governing board of the school district and respond to those recommendations. The response shall include any revisions to the adopted budget and other proposed actions to be taken, if any, as a result of those recommendations.~~

~~(2) On or before September 22, the county superintendent of schools shall provide a list to the Superintendent identifying all school districts for which a budget may be tentatively disapproved.~~

~~(3) Not later than October 8, after receiving the response required under paragraph (1), the county superintendent of schools shall review that response and either approve or disapprove the budget. Except as provided in paragraph (2) of subdivision (g), if the county superintendent of schools disapproves the budget, he or she shall call for the formation of a budget review committee pursuant to Section 42127.1, unless the governing board of the school district and the county superintendent of schools agree to waive the requirement that a budget review committee be formed and the department approves the waiver after determining that a budget review committee is not necessary. Upon the grant of a waiver, the county superintendent has the authority and responsibility provided to a budget review committee in Section 42127.3. Upon approving a waiver of the budget review committee, the department shall ensure that a balanced budget is adopted for the school district by November 30. The Superintendent shall report to the Legislature and the Director of Finance by December 10 if any school district, including a school district that has received a waiver of the budget review committee process, does not have an adopted budget by November 30. This report shall include the reasons why a budget has not been adopted by the deadline, the steps being taken to finalize budget adoption, and the date the adopted budget is anticipated. For the 2011-12 fiscal year, notwithstanding any of the standards and criteria adopted by the state board pursuant to Section 33127, the county superintendent of schools, as a condition on approval of a school district budget, shall not require a school district to project a lower level of revenue per unit of average daily attendance than it received in the 2010-11~~

1 ~~fiscal year nor require the school district to demonstrate that it is~~
2 ~~able to meet its financial obligations for the two subsequent fiscal~~
3 ~~years.~~

4 ~~(4)~~

5 (h) Not later than 45 days after the Governor signs the annual
6 Budget Act, the school district shall make available for public
7 review any revisions in revenues and expenditures that it has made
8 to its budget to reflect the funding made available by that Budget
9 Act.

10 ~~(j)~~

11 (i) Any school district for which the county board of education
12 serves as the governing board of the school district is not subject
13 to subdivisions (c) to (h), inclusive, but is governed instead by the
14 budget procedures set forth in Section 1622.

15 SEC. 3. If the Commission on State Mandates determines that
16 this act contains costs mandated by the state, reimbursement to
17 local agencies and school districts for those costs shall be made
18 pursuant to Part 7 (commencing with Section 17500) of Division
19 4 of Title 2 of the Government Code.